



Dynegy Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Thank you. We will now begin the question-and-answer session. [Operator Instructions]. First question comes from John Kiani, Deutsche Bank.

John Kiani - Deutsche Bank Securities

Good morning.

Bruce A. Williamson - Chairman, President and Chief Executive Officer

Hi.

John Kiani - Deutsche Bank Securities

Bruce, on the second quarter call you all talked about being... I think you were substantially hedged for 2008. Can you give us some more insights into what you mean by substantially, does that mean 90% to 95% or closer to 100%, what does that mean in the more specifically for the Midwestern base load coal fleet, please?

Bruce A. Williamson - Chairman, President and Chief Executive Officer

Well, John substantially probably meant for the year being up around the 80% or so mark, somewhere around in there. We never want to take things up to a 100% of the expected run time, because then if you have an unplanned outage or something like that, that's going to lead to just an overall net short position. So we take it up towards statistically, we think we would be comfortable with it.

The third quarter traditionally is also the warm weather portion of the year. And so that's the time of the year that if you are going to keep a little bit of open length that would in a normal summer be a very prudent thing to do, because that's a little bit of remaining upside potential there. The way this summer came out with a very, very mild weather, as how we covered in particular reducing some run times in the off-peak hours, those volumes didn't materialize and the results are therefore driven down by the weather. I guess, I should ask Lynn or Jason if there's anything either to review or add.

John Kiani - Deutsche Bank Securities

Well actually that's somewhat helpful, Bruce I have a follow-up on that regard. And then so the way to think about that you all said, you are substantially hedged and that really means closer to 80% and that in fact for the third quarter, you had positioned yourself to be even net longer so maybe in the third quarter is even less than 80%? And then if I could take that a step further, can I assume that

when you are saying 80% or if say it was even less than that in the third quarter, let's say that was 75%, but that's actually perhaps in the on-peak higher and the off-peak lower and that therefore you were even more open in the off-peak, and with the collapse in off-peak prices. Therefore, you are more exposed to, is that what is going on?

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